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December 22, 2017

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Annual Review of Base Rates for Fuel Costs for South Carolina Electric  
& Gas Company; Docket No. 2017-2-E  
Request for Waiver of Commission Order No. 2017-246

Dear Ms. Boyd:

By Order No. 2017-246, dated April 27, 2017, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") most recently approved South Carolina Electric & Gas Company's ("SCE&G" or "Company") Rate Schedule PR-2 ("Rate PR-2"). In addition to approving Rate PR-2, the Commission also approved SCE&G's proposal to update Rate PR-2 twice a year.

Since its last update to Rate PR-2, SCE&G has added or contracted to add additional solar facilities to its resource plan; announced the abandonment of the two new nuclear units at V.C. Summer Station; and announced its intent to purchase the Columbia Energy Center. As a result of these developments, SCE&G is in the process of evaluating its resource plan going forward and does not believe that it would be prudent to update its Rate PR-2 given the uncertainty in its resource plan at this time.

Based on the existing uncertainty in its resource plan, SCE&G respectfully requests a waiver of the requirement in Commission Order No. 2017-246 to update its PR-2 Rate twice a year. If granted, the next update to Rate PR-2 would occur as part of SCE&G's Annual Review of Base Rates for Fuel Costs for South Carolina Electric & Gas Company in Docket No. 2018-2-E.

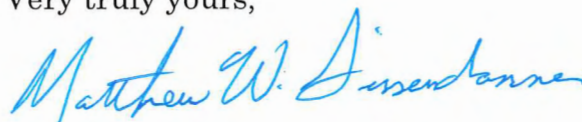
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SCE&G is also planning to implement changes to certain aspects of its avoided cost calculation. For instance, in Docket No. 2016-2-E, Dr. Lynch testified that the Company recognized the "difficult[y] . . . [in] us[ing] the capacity value of a firm, dispatchable resource to place a capacity value on an intermittent, non-dispatchable source of capacity such as a solar farm." To ameliorate this difficulty, in that docket, the Company identified the set of critical peak hours where energy would have a capacity value on the system and spread the avoided capacity cost across these hours. However, the Company now has executed power purchase agreements for approximately 700 megawatts ("MW") of utility-scale solar generation. As a result of the addition or planned addition of this utility-scale solar generation on the Company's system, a firm, dispatchable resource no longer gives a reasonable approximation of the capacity value for the next increment of intermittent, non-dispatchable solar generation. Therefore, in its next update, the Company intends to use an intermittent, non-dispatchable source of capacity, i.e., 100 MW of solar generation, to perform its difference in revenue requirement analysis to determine the appropriate avoided capacity costs for its Rate PR-2 tariff. The Company believes that this and other changes would be more appropriately considered in the annual fuel proceeding as well.

By copy of this letter, SCE&G is providing the South Carolina Office of Regulatory Staff with a copy of its request.

If you have any questions or need additional information, please do not hesitate to contact us.

Very truly yours,



Matthew W. Gissendanner

MWG/kms

cc: Dawn M. Hipp  
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